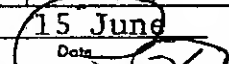
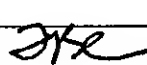


EXECUTIVE SECRETARIAT
ROUTING SLIP

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS				
5	DDI	X			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt	DDs for ES 6/13/84			
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
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		SUSPENSE	15 June	Date	

Remarks

Please prepare acknowledgment
for DCI's signature.


Executive Secretary
8 June 84

Date

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E.R. -

Please process

Thanx
betty
8 June

8 JUN 1984

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June 4, 1984

The Honorable
William Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Bill,

Your Military Economic Advisory Panel recently completed its spring meeting on May 4 and 5. We had an excellent meeting. We were particularly pleased to see progress in three areas which we have called to your attention in the past:

1. When I wrote you in December, I noted the anomaly of each individual force analyst projecting sharp growth in his own area, leading to an over-all projection of growth in Soviet defense spending at an implausibly high rate. The problem still exists, but an intelligent start has been made on developing methods to incorporate considerations of over-all economic constraints and historical experience into the projections of future force levels.
2. For several years we have discussed with you the inadequacies of the methods for estimating Soviet spending for military R&D. A small start in the right direction has recently been made -- an attempt to derive an estimate of manpower and of ruble costs in the military R&D establishment on the basis an extensive data base covering military R&D facilities.
3. The current paper, "Policy Implications of the Soviet Economic Slowdown" is an example of the type of far-reaching, cross-cutting study which we have been encouraging for some time. On a more descriptive level, the new effort to describe systematically in generalist terms what we know of the Soviet defense industry is an exciting, commendable enterprise.

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William Casey
June 4, 1984

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We can also report to you that we have at least made a start in working with the DIA to review in detail both their methodology and their analyses of elements of Soviet military spending. We plan to spend half a day at DIA at our fall meeting.

In the fall we expect to be in position to discuss the substantive progress on these topics with you. For now let me merely express the satisfaction of my colleagues and myself.

Sincerely,



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